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No. 82-291

IN THE

Supreme Court of the United States

October Term, 1982

DOLLAR ELECTRIC COMPANY,
Petitioner,
v.
SYNDEVCO, INC., and
FORD MOTOR COMPANY,
Respondents.

REPLY BRIEF OF PETITIONER

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Response To Respondents' "Supplemental Statement Of The Case"

The statement in the first paragraph that ". . . The Winsand patent . . . barely mentions . . . that the disclosed transformer may be used in a resistance welding operation," is patently misleading. The introductory sentence of the specification states "This invention relates generally to transformers and refers more particularly to *resistance welding transformers*." The specification explicitly describes resistance welding transformers (Column 2, lines 1-3): "Electrodes 23 are connected to the secondary and may be employed to effect a weld, as shown in Figure 4."

The second paragraph of Respondents' Supplemental Statement Of The Case is in error. None of the claims were ever rejected in the Patent Office on the basis of the German Patent to Bauer, No. 1,303,494, or over Bauer in combination with a U.S. Patent to Girton 3,024,431.

The sentence bridging pages 2 and 3 of respondents' Brief "The district court opinion . . . held that Winsand was estopped . . ." is not correct. The district court held that the claims could not be considered *limited* to the resistance welding art so as to exclude from consideration as prior art transformers outside the resistance welding art.

In the second paragraph, page 3, respondents state that there is no evidence of a long felt need or commercial success because "Eighteen years after the alleged invention Ford Motor Company is still using the Girton '431 construction." This is simply contrary to the record and the findings of both courts below. Respondent Ford has conceded on the record that it is *replacing all of the Girton '431 transformers* at its Metal Stamping Division with the Winsand invention as embodied in the accused transformers. Further, the Winsand invention is used throughout the automotive industry as found by the district court (Petitioner's App. A-34): "Plaintiff's proofs that Winsand has been successful stand unrefuted. Ford has adopted as its *standard* a device virtually identical to Winsand, after previously using Winsand itself for some time. Fisher Body [division of General Motors] also accepted the device." (emphasis added). The advantages of the

Winsand invention are such that Ford went to great expense to convert Girton '431 transformers to the invention, Petitioner's Appendix B-4:

> Syndevco does not manufacture complete transformers, so Ford purchased Girton '431 transformers and supplied them to Syndevco. *Syndevco then cannibalized the Girton's and fitted them with the end cover and primary disconnect plug of the accused transformers.* (emphasis added)

Response To Respondents' Argument On Petitioner's Question 1.

This portion of respondents' Brief, on pages 6-8, *support* this petition except to the extent that it incorrectly suggests that the district court abandoned the synergistic test. This is not correct. The district court, in its published decision, affirmed by the court of appeals below, adopted the test set forth in the dissenting opinion of Justices White and Brennan in *Roanwell Corp. v. Plantronics, Inc.*, 429 U.S. 1004 (1976). Both the published decision and supplemental opinion of the district court contains the "anomalous encrustation of 35 USC § 103" of the test of synergism, *Hammerquist v. Clarke's Sheet Metal, Inc.*, 658 F.2d 1319, 1323, n.7 (9th Cir. 1981). It is thus in direct conflict with the plain language of 35 USC § 282 "A patent shall be presumed valid." Under the "synergistic" test, a so-called "combination" patent is presumed *not* to be valid; the starting point of the synergistic test is that there is "an improbability of producing a synergistic result from a combination of old elements . . ." This test has been

rejected by the Court of Customs and Patent Appeals and the Court of Claims. See e.g., *Application of McLaughlin*, 443 F.2d 1392, 1395-96 (CCPA 1971):

> A patentable invention, within the ambit of 35 USC § 103, *may* result even if the inventor has in effect, merely combined features, old in the art, for the known purpose, without producing anything beyond the results inherent in their use.

And *Bowser, Inc. v. United States*, 388 F.2d 346, 349 (Ct. Cl. 1967):

> We feel, therefore, that § 103 has eliminated the need to apply 'severe tests' of patentability such as 'unusual and unexpected result' and 'the whole must in some way exceed the sum of its parts,' *and the fact that a patent in issue is a combination patent provides no exception*. (emphasis added).

The new Court of Appeals for the federal circuit (CAFC) is made up of judges from the Court of Claims and the Court of Customs and Patent Appeals. Chief Judge Markey of the Court of Customs and Patent Appeals, who will be Chief Judge of the CAFC, has announced that the CAFC will accept as precedent prior decisions of the CCPA and Court of Claims which, by implication, reject the "synergistic" test of *Sakraida v. Ag Pro*.

The synergistic test was applied by the courts below in conflict with what will apparently become the law of the CAFC.

Response To Respondents' Argument On Petitioner's Question 2.

Respondents' Brief, pages 12-15, skirts the issue raised in the court of appeals' opinion. The court of appeals did *not* independently consider claims 4 and 5. Instead, the court of appeals concluded invalidity of claims 4 and 5 from an invidious comparison of claims 4 and 5 with claims 1-3, based upon a further presumption that claims 1-3 are invalid. This is contrary to the plain language and intent of the statute, as recognized by Judge Engles in his concurring opinion.

Response To Respondents' Argument On Petitioner's Question 3.

The Brief for the respondents, page 16, states "The present (1952) statute allows for discretion by the concluding clause [of § 282]: ". . . except on such terms as the court requires," thus astutely omitting the critical words contained in that clause *"at the trial."* Section 282 is flatly circumvented by the courts below under the aegis of synergism. There was *no* "proof of the said matters . . . *at the trial*. . ." on any terms. The plain language of the statute "in the absence of such notice proof of said matters *may not be made at the trial* except on such terms as the court requires. . ." expressly requires the patentee to have an opportunity *at the trial* to rebut any defenses to the validity of the patent — in the absence of which proof the court cannot consider "said matters." The synergistic test requires a presumption of *in*validity contrary to the first sentence of

§ 282. Once the court has made a determination that a "combination" patent is involved, the synergistic test has been interpreted by the courts below to permit the district court to ignore both the first and last sentences of § 282. Section 282 is judicially eviscerated by the "synergistic" test.

CONCLUSION

That the "synergistic" test raised by this court in *Anderson's-Black Rock* and *Sakraida* is contrary to the statute is further supported by the fact that the "synergistic" test was not applied by this Court in *United States v. Adams*, 383 U.S. 39 (1966) decided on the same day as *Graham v. Deere*. The Adams battery was a "combination," 383 U.S. at 50: "If such a combination is novel, the issue is whether bringing them together as taught by Adams was obvious in light of the prior art." This Court then went on to find that the Adams battery was both novel and unobvious under § 103, and did not in any way suggest that "synergistic" test should be an "encrustation" on § 103.

At least two members of this Court have suggested that Congress is constitutionally barred from establishing a statutory presumption of validity for so-called "combination" patents, *Roanwell Corp. v. Plantronics, Inc.*, No. 76-488, 429 U.S. 1004, "Thus, to be patentable, a combination of elements must produce something more than the sum of the pre-existing elements; there must be a synergistic result that is itself nonobvious."

If that is the law, as suggested by this Court in *Anderson's-Black Rock* and *Sakraida*, the Court should forthrightly express it, together with a decision defining what is meant by a "combination" and a "non-combination" patent. Nobody knows what a "non-combination" patent is in the mechanical and electrical arts. For all practical purposes, if the law is what is urged by Justices White and Brennan, there is a presumption that all patents in the mechanical and electrical arts are *not* valid, and that the statutory presumption of validity of § 282 does not apply in those cases. This is the law that was followed by courts below in the case at bar. Dollar overcame all defenses raised by respondents prior to and *during trial*. Nevertheless, in reliance on the "synergistic" test, the district court first presumed the patent *not* to be valid, then, in the post-trial deliberations, sua sponte found a reason to support its conclusion of invalidity despite all objective evidence to the contrary.

Respectfully submitted,

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